

IN THE MATTER OF:

AOL LLC

Respondent

§
§
§
§
§

ASSURANCE OF VOLUNTARY COMPLIANCE

1. This Assurance of Voluntary Compliance¹ (hereafter "Assurance" or "AVC") is between AOL LLC (hereafter "AOL" or "Respondent") and the Attorneys General of the states of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming, the Commonwealths of Kentucky, Massachusetts, Pennsylvania and Virginia, and the District of Columbia (hereafter "the Attorneys General"² or "the States").³

¹ This Assurance of Voluntary Compliance shall, for all necessary purposes, also be considered an Assurance of Discontinuance.

² With regard to Hawaii, Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General's Office, but which is statutorily authorized to represent the State of Hawaii in consumer protection actions. For simplicity purposes, the entire group will be referred to as the "Attorneys General" or "the States," and such designation, as it pertains to Hawaii, refers to the Executive Director of the State of Hawaii's Office of Consumer Protection. Connecticut is represented by the Commissioner of the Connecticut Department of Consumer Protection, who enters into this Assurance pursuant to the Connecticut Unfair Trade Practices Act, Conn.Gen. Stat. Sec. 42-110j, acting by and through his counsel, Richard Blumenthal, Attorney General for the State of Connecticut. Similarly, with regard to Georgia, the Administrator of the Fair Business Practices Act, appointed pursuant to O.C.G.A. 10-1-395, is statutorily authorized to undertake consumer protection functions, including acceptance of Assurances of Voluntary Compliance for the State of Georgia. Hereafter, when the signatory states are referred to as the "States" or "Attorneys General," such designation, as it pertains to Georgia, includes the Administrator of the Fair Business Practices Act.

³ This Assurance is in addition to: the Assurance of Voluntary Compliance agreed to by AOL with the Attorneys General of Arizona, Arkansas, California, Connecticut, Florida, Hawaii, Iowa, Illinois, Michigan, Minnesota, New Jersey, New York, Ohio, Tennessee, Texas, Vermont, Wisconsin, the Commonwealths of Massachusetts and Pennsylvania, and the Territory of Guam, accepted on December 5, 1996; the Assurance of Voluntary Compliance agreed to by AOL with the Attorneys General of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Kansas, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, and the Commonwealths of Massachusetts, Pennsylvania and Virginia, accepted on February 4, 1997; and, the Assurance of Voluntary Compliance agreed to by AOL with the Attorneys General of Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, and the Commonwealths of Massachusetts, Pennsylvania and Virginia, accepted on May 28, 1998. The terms of the above mentioned 1996, 1997 and 1998 Assurances of Voluntary Compliance are independent of the terms of this Assurance and are not in any way modified or limited by this Assurance except where expressly provided herein.

BACKGROUND

2. AOL, a Delaware limited liability company with its principal place of business at 22000 AOL Way, Dulles, Virginia 20166, has provided Internet-related services for more than twenty years. AOL currently has approximately twelve million paying Members nationwide.
3. Historically, AOL's primary service has been dial-up Internet access, typically offered through a "free trial" offer that requires that the Member cancel the account prior to the end of the free trial period to avoid a monthly membership fee.
4. Since 1998, AOL has provided Members three methods of cancellation: phone, facsimile or mail. Most cancellation requests are made by phone, which results in the Member being directed to an AOL Member Service employee, who is trained to assess whether the Member has an issue that can be resolved short of cancellation. A Member who subsequently decides not to cancel his or her account is considered "saved" by AOL. Historically, AOL has provided incentives to employees for "saving" Members in the form of bonus compensation that, until 2005, depended on the employee retaining a minimum threshold percentage of calls handled.
5. The Attorneys General have received complaints from consumers who have claimed difficulty in attempting to cancel their AOL Internet services. Some of these consumers state that they have contacted AOL Member Services by telephone, canceled their service, and yet subsequently received a monthly Internet service bill from AOL or had funds deducted from their bank accounts.
6. Even after a consumer has successfully canceled an AOL account, the AOL software continues to reside on the consumer's computer unless the consumer deletes it. This enables a

former Member, whose account was previously canceled to easily "reactivate" his or her account by simply signing on to AOL using the Master Account's screen name and password and authorizing reactivation of the account, subject to the AOL Terms of Service and resumption of billing to the payment method on file with AOL. This reactivation process has not always enabled Members to review material terms and conditions prior to reactivation. Some consumers complaining to the Attorneys General alleging post-cancellation billing by AOL have, in some instances, inadvertently reactivated their accounts in this manner.

7. AOL has always enabled Members to maintain multiple screen names, also known as "Sub-accounts," for one AOL Master Account. In response to technical issues which prevented the simultaneous log-on of Sub-accounts, AOL developed the ability for Members to create or "spin-off" new accounts using one of the Member's Sub-accounts. Thus, a Spin-off account allowed for simultaneous log-ons, as well as the ability to separate an otherwise single Internet account (e.g., business account versus home account). These Spin-off Accounts are not free, and are billed separate from and independent of the prior Master Account. Historically, AOL marketed Spin-off Accounts to its Members. Some consumers complaining to the Attorneys General state that confusion exists in attempting to cancel all AOL Paid Member Accounts. This confusion stems from consumers not understanding the implications of having created a Spin-off Account, and therefore, despite canceling a Master Account, continuing to be billed for Spin-off Accounts previously created during their membership with AOL.

8. AOL allows its Members to be billed for its services directly to a Member's local telephone bill. Some consumers have alleged unauthorized AOL charges on their monthly telephone bills. Still other consumers have complained that they were improperly assessed

charges on their telephone bill for services after having previously canceled their Paid Member Account.

9. The States allege that these acts, practices, and omissions have violated and continue to violate their respective State consumer protection statutes.⁴ Specifically, the States allege that such violations have occurred in that AOL:

- A. Misrepresents that consumers who have attempted to cancel their Paid Member Accounts with AOL have authorized AOL to continue charging those consumers for services;
- B. Misrepresents that consumers have authorized AOL to reactivate accounts that have been previously canceled;
- C. Fails to Clearly and Conspicuously disclose the existence of, and material terms and conditions associated with, accounts for AOL services; and
- D. Misrepresents that consumers have authorized charges to their consumer telephone service bills.

⁴ Alabama Deceptive Trade Practices Act, Alabama Code Section 8-19-1, *et seq.*; Alaska AS 45.50.471 *et seq.*; Arizona Revised Statutes Section 44-152[1], *et seq.*; Arkansas Code Ann. 4-88-101 *et seq.*; California Business and Professions Code sections 17200 and 17500; Colorado Consumer Protection Act, Colo. Rev. Stat. §§ 6-1-101 *et seq.* (2006); Connecticut General Statutes § 42-110b, *et seq.*; Delaware's Consumer Fraud Act, 6 Del. C. Sec. 2513 and Uniform Deceptive Trade Practices Act, 6 Del. C. Sec. 2532; District of Columbia Consumer Protection Procedures Act, D.C. Official Code § 28-3901 *et seq.*; Georgia Fair Business Practice Act of 1975, O.C.G.A. § 10-1-390 *et seq.*; Hawaii Revised Statutes section 480-2(a), section 487-12; Idaho Code Sec. 48-601 *et seq.*; Illinois Consumer fraud and Deceptive Business Practices Act, 815 ILCS 505/1, *et seq.*; Indiana Deceptive Consumer Sales Act, Indiana Code 24-5-0.5-1 *et seq.*; Iowa Consumer Fraud Act, Iowa Code § 714.16; Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*; Kentucky Consumer Protection Act, K.R.S. 367.110 *et seq.*; Louisiana LSA-R.S. 51:1401 *et seq.*; Maine 5 M.R.S.A. section 207, section 210; Maryland Consumer Protection Act Md. Code Ann., Com. Law §§13-101, *et seq.*; Massachusetts Consumer Protection Act, Mass. Gen. Laws c.93A, sec. 4; Michigan Consumer Protection Act, MCL 445.901 *et seq.*; Section 407.020, *et seq.*, Rev. Stat. Mo. 2000; Minnesota Prevention of Consumer Fraud Act, 325F.68 to 325F.70 (2006); Mississippi Consumer Protection Act, Miss. Code Ann. §§ 75-24-1 (Rev. 2000); Missouri Merchandising Practices Act, §§ 407.010 *et seq.* (1994); Montana MCA 30-14-112; Nebraska Consumer Protection Act, Neb. Rev. Stat. §§ 59-1601 *et seq.* (Reissue 2004), and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §§ 87-301 *et seq.* (Reissue 1996); Nevada Revised Statutes ("NRS") 598.0903 *et seq.*; New Hampshire Rev. Stat. Ann. 358-A; New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; New Mexico NMSA 1978, § 57-12-1 *et seq.* (1965); North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. 75-1.1 *et seq.*; N.D.C.C. § 51-15-01 *et seq.*; North Dakota Century Code (NDCC) §§ 51-15-01 *et seq.*; Ohio Consumer Sales Practices Act, R.C. 1345.01 *et seq.*; Oklahoma Consumer Protection Act, 15 O.S. § 751, *et seq.* (2004); Oregon Unlawful Trade Practices Act, ORS 646.605 *et seq.*; Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. 201, *et seq.*; Rhode Island R.I.G.L. 6-13.1-1 *et seq.*; South Carolina Unfair Trade Practices Act, 39-5-10 *et seq.* (1976, as amended); South Dakota Deceptive Trade Practices Act, SDCL Ch. 37-24-6; Tenn. Code Ann. Section 47-18-108; Texas Deceptive Trade Practices – Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (Vernon 2002 and Supp. 2005); Utah Code Ann. § 13-11-1 *et seq.* and Utah's Truth in Advertising Act, Utah Code Ann. § 13-11a-1 *et seq.*; Vermont title 9 Vt. Stat. Ann. ch. 63; Virginia Consumer Protection Act, Va. Code § 59.1-196 through 59.1-207;

10. In August 2006, AOL changed its business model to allow consumers to use AOL's software, e-mail accounts, and security features, all free of charge, over an Internet connection provisioned from another Internet service provider ("ISP"). When Members now contact AOL to cancel or switch to the free plan, they are offered a variety of services, including high-speed Internet plans offered by third party ISPs and back-up AOL dial-up Internet access, by Member Services employees who are provided incentives based in part on consumer acceptance of these paid services. Members who agree to purchase Internet connectivity from a third party ISP are sent confirmation of their agreement together with contact information for the provider. The Members are not billed by the provider unless and until the provider establishes the new account, which involves a cable installation in the case of cable providers, and receipt and installation of a DSL modem kit in the case of DSL providers. Members who agree to purchase back-up AOL dial-up Internet access are treated as "saved," transferred for third party verification, and sent confirmation of their agreement. Former Members who use the AOL software to reactivate their accounts are now reactivated only to Free Member Account status and, if they choose to convert to Paid Account status, must complete a separate registration process to change their reactivated Free Member Account to a Paid Member Account.

STIPULATIONS

11. The parties hereby agree and stipulate that:
- A. The Attorneys General have jurisdiction in this matter under their respective consumer protection statutes;
 - B. The venue of this cause is proper;

- C. AOL waives receipt of a formal notice from any of the States of the alleged unlawful trade practices and the relief to be sought;
- D. AOL understands and agrees that this Assurance applies to AOL, AOL's principals, officers, directors, agents, employees, representatives, successors or subsidiaries — including, but not limited to, those successors or subsidiaries empowered to control AOL or created through the merging with, or through the acquiring of AOL — and assigns, or any person or entity acting on behalf of AOL;
- E. AOL understands and agrees that if this Assurance is accepted by the States, it may be filed with a court in those jurisdictions that require or permit the filing of the Assurance with a court. AOL waives any further notice of submission to and filing with any court of this Assurance. AOL agrees to accept service of a conformed copy from each state that files the Assurance by prepaid first class mail sent to the address designated by AOL; and
- F. This Assurance is being entered into by AOL for the sole purpose of compromising disputed claims without the necessity for protracted and expensive litigation, and this Assurance does not constitute an admission by Respondent of any violation of any law or regulation.

DEFINITIONS

12. For purposes of this Assurance, the following definitions shall apply:

- A. A **"Paid Member Account"** means an AOL Internet service account for which the Member agrees to pay a fee.

- B. A **"Free Member Account"** means an AOL Internet service account for which the Member does not pay a fee.
- C. A **"Member"** means an individual, partnership, corporation, association, or other group, however organized, who has a Paid or Free Member Account.
- D. A **"Billing Cycle"** means a repeated, periodic amount of time used to bill or charge for a Paid Member Account or a Premium Service on a recurring basis.
- E. To **"Cancel"** a Paid or Free Member Account means to terminate that account such that the consumer will no longer be billed, charged for, or have access to the account features or services subject to such cancellation.
- F. A **"Member Save"** means the process by which a person contacts AOL to Cancel his or her Paid Member Account or convert his or her Paid Member Account to a Free Member Account, but instead expressly agrees to continue a Paid Member Account.
- G. A **"Master Account"** means the primary screen name and password associated with a Paid Member Account, which is used to identify and bill for AOL services.
- H. A **"Premium Service"** means an AOL Internet-related service for which a consumer is charged either apart from the Internet services which are provided free of charge to Free Member Accounts or in addition to the fee paid for a Paid Member Account.
- I. A **"Sub-Account"** means any additional account for AOL services created as part of a preexisting Paid Member Account that is not charged or billed any additional amounts.

- J. A **"Spin-off Account"** means a former Sub-Account, which is independently billed and incurs separate charges from and in addition to the original Free or Paid Member Account from which it was initially created.
- K. A **High-Speed Internet Offer or "HSIO"** means a non-binding offer or referral for high-speed Internet service provided by a third party, which is made by Respondent to a Member who contacts AOL to Cancel a Paid or Free Member Account, or contacts AOL to convert a Paid Member Account to a Free Member Account.
- L. The **"Effective Date"** of the Assurance is July 1, 2007.
- M. **"Clear and Conspicuous"** or **"Clearly and Conspicuously"** means that the required disclosure is in such size, color, contrast, location, duration, and audibility that it is readily noticeable, readable, and understandable. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner that is readily noticeable, readable, and understandable, and it must not be obscured in any manner. Further:
1. For print communications, the message shall be in a type size and location sufficiently noticeable for a consumer to read and comprehend it, and in print that contrasts with the background against which it appears.
 2. In communications disseminated orally, the message shall be delivered in a volume and cadence sufficient for a consumer to comprehend it.

3. In communications made through an electronic medium (such as television, video, and interactive media such as the Internet, on-line services, and software) in which both audio and visual means of communications are utilized for any portion of the message, the message shall be presented simultaneously in both the audio and visual portions of the communication. Notwithstanding the preceding sentence, in any communication presented solely through visual or audio means, the message may be made solely through the same means by which the communication is presented. Any audio message shall be delivered in a volume and cadence sufficient for a consumer to hear and comprehend it. Any visual message shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location sufficiently noticeable for a consumer to read and comprehend it. The message shall be in an understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the message shall be used in any communication.

ASSURANCE

13. Respondent hereby voluntarily agrees and assures the States that from the Effective Date of this Assurance (or from the dates otherwise specified) that Respondent, its officers, agents, servants, employees, successors, and assigns as well as any other person acting on behalf of Respondent shall abide by the following terms and conditions:

Terms of Service

14. Prior to creating or reactivating a Free or Paid Member Account, Respondent shall Clearly and Conspicuously disclose the material terms and conditions associated with creating or reactivating that Free or Paid Member Account, before asking the individual to accept or reject those terms and conditions, and, in the case of Paid Member Accounts, before obtaining the individual's billing information. Before installing (or, in the case of pre-installed bundled software, activating) Respondent's Free or Paid Member Account software Respondent shall Clearly and Conspicuously disclose the material terms and conditions associated with installing or activating that software, before prompting the individual to accept or reject those terms and conditions. This Paragraph shall apply to software downloaded from Respondent's web site as of the Effective Date and to all other versions of Respondent's software distributed after September 12, 2007.

Cancellation and Conversion of Paid Member Accounts to Free Member Accounts

15. Respondent shall enable Members to Cancel their Paid Member Accounts and convert their Paid Member Accounts to Free Member Accounts via telephone, facsimile, U.S. Mail, and on-line. Respondents shall enable Members to cancel their Free Member Accounts via facsimile, U.S. Mail, and on-line. For purposes of this section, any on-line method must be Clear and Conspicuous and completely electronic which shall include a concise form for the user to complete and submit using only a computer and Internet connection and shall not be reliant upon the Member's use of AOL software, provided, however, that a URL option (e.g., <http://cancel.aol.com>) may require the Member to enter the master screen name and password or the answer to an Account Security Question for account security verification. Respondent shall

Clearly and Conspicuously disclose to consumers a valid and accessible telephone number, facsimile number, mailing address, and Internet address (which may include a web page/URL, and/or an electronic mail address where applicable, but which is not reliant on the Member's use of AOL software), for Cancellations and conversions of Paid Member Accounts to Free Member Accounts. Such disclosures shall, at a minimum, be made via the following AOL Keywords: "Bill," "Billing," "Cancel," "Change Plan," "Cancellation," "Customer Service," "Free Plan," and "Free Service." Such disclosures shall also be made in any documentation or publication created after the Effective Date of this Assurance, including any AOL web pages which identify telephone numbers and/or addresses for AOL customer service.

16. Respondent shall not continue to bill any Member, or deduct any additional amounts from the Member's bank account, if that Member contacts Respondent by a method pursuant to Paragraph 15 and expresses a desire to Cancel a Paid Member Account or convert a Paid Member Account to a Free Member Account, unless Respondent complies with the procedures in Paragraphs 20 through 23. Provided however, AOL shall not be out of compliance with this section in the limited situation where a Member contacts AOL via telephone to Cancel or convert a Paid Member Account to a Free Member Account, but verification cannot be completed due to technical problems outside of the control of AOL resulting in the termination of the call, if the following also occurs:

- A. The Member expresses a clear desire to retain his or her account and prior to call termination does not further express a desire to Cancel;
- B. Within five (5) days following the dropped call, AOL sends the consumer, via electronic and U.S. Mail, the notice required by Paragraph 23;

- C. AOL provides no commission or bonus compensation for that particular Member Save to the representative who processed the Member Save request; and
- D. AOL records the complete telephone communication regarding Cancellation or conversion of a Paid Member Account to a Free Member Account and saves such recording for a minimum of three (3) years.

17. If a Member expresses intent to Cancel a Paid Member Account or convert a Paid Member Account to a Free Member Account, Respondent shall not make any attempt to retain the Member as a customer or offer additional services, until Respondent has verified the identity of the specific Member subject to the Cancellation or conversion request. Such verification shall consist of Respondent requesting from the Member the minimal uniquely identifying information (e.g., Master Account name, account security question, etc.) sufficient to identify and confirm proper control of the account. Such verification shall not be overly burdensome on a Member and shall permit a Member to provide alternative identifying information, but not the Member's entire social security number, in the event that he or she has forgotten their Master Account information. Further, prior to making any attempt to retain the Member as a customer or offer additional services, and after verifying the specific Paid Member Account, Respondent shall confirm the Member's intentions and process the call accordingly.

18. In addition to and consistent with the requirements imposed by previous Assurances of Voluntary Compliance,⁵ when a Paid Member Account is Canceled or converted to a Free Member Account, Respondent must:

⁵ Respondent shall mail a written acknowledgment of Cancellations of Paid Member Accounts that do not result in the conversion of the Paid Member Accounts to Free Member Accounts within (2) weeks of receipt of the cancellation request, as detailed by Paragraph 49 of the Assurance of Voluntary Compliance entered into between the States and Respondent, styled *In the Matter of America Online, Inc.*, signed by Respondent May 28, 1998, and include each of the disclosures in Paragraph 18.A.

- A. Clearly and Conspicuously disclose as part of any telephone cancellation or within two (2) weeks of receipt of an electronic, facsimile, or mail cancellation, the following:
- 1) Any associated fees or penalties;
 - 2) A confirmation number for the cancellation or conversion;
 - 3) The effective date of the cancellation or conversion;
 - 4) The fact, if true, that the Member is entitled to continue to use his or her Paid Member Account under the then existing terms at no additional charge, until the end of the current Billing Cycle and the date of the end of the Billing Cycle;
 - 5) Any Premium Services for which the Member has registered and the fact that charges will continue to be assessed on such accounts; and
 - 6) The existence of any existing Spin-off Accounts, and the fact that charges will continue to be assessed on such accounts
- B. In addition to the disclosures within the preceding sub-paragraph, Respondent shall, beginning no later than September 12, 2007 (provided, however, that Respondent shall use its best efforts to comply with these provisions as soon as it is capable of doing so), Clearly and Conspicuously disclose as part of any telephone cancellation or within two (2) weeks of receipt of an electronic, facsimile, or mail cancellation:
- 1) Any outstanding balance on the Member's Account at the time of the request;

- 2) The specific amount of charges that will continue to be assessed for any Premium Services for which the Member has registered; and
- 3) The specific amount of charges that will continue to be assessed for any existing Spin-off Accounts.

C. When a Paid Member Account is converted to a Free Member Account, Respondent shall send acknowledgment of the account conversion, either by mail or electronic mail, within (2) weeks of receipt of the notice of account conversion and include each of the disclosures in Paragraph 18.A-B.

19. When a Paid or Free Member Account is Canceled, Respondent shall contemporaneously Cancel all existing Sub-Accounts associated with that Paid or Free Member Account. When a Paid Member Account is converted to a Free Member Account, Respondent shall contemporaneously convert all existing Sub-Accounts associated with that Paid Member Account to Free Sub-Accounts.

Member Saves

20. Prior to processing a Member's express consent to process a Member Save, Respondent must:

- A. Clearly and Conspicuously disclose:
 - 1) The Member's current pricing plan for the Paid Member Account, including a free trial membership, if any;
 - 2) A save confirmation number;
 - 3) The remaining amount of time in the Member's current Billing Cycle, including a free trial membership, if any; and

- 4) The existence of any existing Spin-off Accounts, and the fact that charges will continue to be assessed on such accounts.
- B. In addition to the disclosures within the preceding Sub-Paragraph, Respondent shall, beginning no later than September 12, 2007 (provided, however, that Respondent shall use its best efforts to comply with these provisions as soon as it is capable of doing so), Clearly and Conspicuously disclose at the time the request is made the following:
- 1) Any outstanding balance on the Member's Account at the time of the request;
 - 2) The specific amount of charges that will continue to be assessed for any Premium Services for which the Member has registered; and
 - 3) The specific amount of charges that will continue to be assessed for any existing Spin-off Accounts.
21. Prior to processing a Member Save, Respondent shall obtain a Member's express consent to each of the following:
- A. The exact cost the Member will incur during each Billing Cycle, including any early termination fees;
 - B. Any minimum amount of time a Member must maintain the Internet related services if such a minimum is imposed;
 - C. If the offer is a free trial membership, the exact date the Member will begin to incur charges and the amount of charges the Member will incur after the lapse of the free trial terms; and

D. The terms and conditions of any other incentives offered to and accepted by the Member as part of the Member Save process.

22. To complete a Member Save, Respondent must verify the Member's express consent to begin, continue, or resume the Paid Member Account in accordance with Paragraphs 20-23. A Member Save shall be considered verified only if it is in writing by the Member or recorded by an independent Third Party Verifier ("TPV") in accordance with Paragraph 26 of this Assurance, and such writing or recording Clearly and Conspicuously:

A. Discloses each of the terms set forth in Paragraph 20; and

B. Demonstrates the Member's express consent to each of the terms set forth in Paragraph 21.

23. Within five (5) business days of completing a Member Save, Respondent shall send to the Member via electronic mail or first class U.S. mail, a Member Save confirmation notice, which shall include Clear and Conspicuous disclosures of both the Paid Member's save confirmation number and the information in Paragraphs 20 and 21. If the confirmation notice is sent electronically it shall contain a Clear and Conspicuous hyperlink to cancel on-line, consistent with Paragraph 15. If the confirmation notice is sent by mail, the envelope containing the notice will either Clearly and Conspicuously include the words "Notice of Continuation of Paid AOL Member Account" or words to a similar effect, and the confirmation notice shall disclose the address, telephone number, facsimile number, Internet address, and AOL Keywords that can be used to cancel.

HSIO

24. Prior to processing a Member's registration for a HSIO offer, Respondent must disclose each of the following facts, if true:

- A. That by establishing the new HSIO account with the third party provider, the Member will incur monthly charges for Internet service provided by a third party;
- B. That by establishing the new HSIO account with the third party provider, the Member may incur additional set-up or initial costs;
- C. That the HSIO is offered by a third party, not subject to the control of AOL, and that as such the final terms and conditions associated with that offer, including price and availability, are subject to that third party's agreement;
- D. That the Member need not create or maintain a Paid Member Account in order to qualify for the HSIO, and
- E. That if the Member chooses to create or maintain a Paid Member Account, the terms and conditions of that Paid Member Account, including price and commitment term, are independent of the Member actually accepting or provisioning the third party's offer.

25. Within five (5) business days, Respondent shall send the Member via electronic mail or first class U.S. mail confirmation of the disclosures in Paragraph 24.

Third Party Verification System

26. If Respondent chooses to verify Saves through TPV, the TPV agent must:

- A. Be an independent party, and not an employee of Respondent; provided, however, that Respondent will not be in violation of this section if for the limited purpose

of providing TPV for the hearing-impaired, Respondent uses the same third party to both conduct the call and complete the verification;

- B. Be compensated in a manner that does not include any bonuses or commissions based on any rate or percentage of Member Saves;
- C. Record the complete telephone conversation between the consumer and the TPV;
- D. Retain a copy of the complete recording for a minimum of three (3) years; and
- E. For a Member Save, convey to the Member the fact that the Member's Paid Member Account shall be Canceled or converted to a Free Member Account, if the Member does not expressly consent to each required term pursuant to Paragraph 21. In such instances, the TPV agent must promptly notify Respondent of the Member's failure to consent, and Respondent shall Cancel or convert the Paid Member Account to a Free Member Account.

Policies and Procedures

- 27. Respondent shall adopt and enforce policies and procedures that:
 - A. Prohibit compensation to any call center personnel or entities acting on behalf of Respondent that is contingent upon their obtaining a minimum amount or quota of Member Saves; and
 - B. Prohibit all Respondent employees from any other unethical, deceptive, or misleading behavior as alleged in this Assurance.
- 28. As part of these policies and procedures, Respondent shall, beginning no later than September 12, 2007 (provided, however, that Respondent shall use its best efforts to comply with this provision as soon as it is capable of doing so), record all telephone communications in

which a Member selects the Cancellation or conversion of Paid Member Account to Free Member Account option in the Interactive Voice Recording menu, separate and apart from the TPV recording described above. For any such recorded calls which result in a Member continuing to be billed or charged by Respondent, or in which a Member is registered for a HSIO offer, Respondent shall save such recordings for a minimum of three (3) years, and shall upon request of a State, provide such recordings to the requesting State. Furthermore, Respondent shall monitor and review a statistically significant sampling of all communications for compliance with the laws of the States and this Assurance.

Complaint Process

29. With respect to consumer complaints, Respondent shall:
- A. Provide the States with a proper mailing address, fax number, and e-mail address to which consumer complaints may be forwarded;
 - B. Thoroughly and expeditiously review any Member complaint, including but not limited to reviewing a consumer's verification to continue service if such is the case;
 - C. Respond to each Member complaint in writing within thirty (30) days, if such a complaint was sent to a proper AOL address or number for receiving complaints; and
 - D. Maintain all Member complaints and all responses thereto, for a period of three (3) years after receipt of such complaints.

30. Respondent shall resolve within forty-five (45) days⁶ of receipt, consumer complaints forwarded by the States or sent directly to AOL at the following physical address, e-mail address, and/or facsimile:

Physical Address:
AOL LLC
Attn: Heidi Jongquist, Program Director
Regulatory Order Compliance
PO Box 65771
Sterling, VA 20165-8806

Email Address:
Regulatory.Compliance@corp.aol.com

Facsimile:
703-466-9225

Provided however, that for complaints involving alleged compromised accounts or payment methods, Respondent may request additional information and/or an affidavit from the consumer and will resolve such complaints within fifteen (15) days of receipt of such additional information and/or affidavit.

- A. For any complaint forwarded by the States in which a consumer claims to be owed, or improperly billed, a specific amount, which was received from January 1, 2005 until the Effective Date, Respondent, as part of the above resolution, will provide a full refund and/or clear any outstanding balance(s) of amounts paid to, or charged or billed by AOL unless Respondent confirms that the consumer has already resolved, settled or otherwise received full compensation for that specific claim or confirms that the consumer did not incur the charges at issue.

⁶ Provided, however, that the States shall cooperate with Respondent in granting reasonable extensions when needed.

- B. For any complaint forwarded by the States in which a consumer claims to be owed, or improperly billed, a specific amount, which was received after the Effective Date of this Assurance, Respondent, as part of the above resolution, will provide a full refund and/or clear any outstanding balance(s) of amounts paid to, or charged or billed by AOL; unless, however, Respondent confirms that the consumer has already resolved, settled or otherwise received full compensation for that specific claim, confirms that the consumer did not incur the charges at issue, or produces clear and convincing evidence of the consumer's intent to incur such charges. Such clear and convincing evidence must be demonstrated through disclosures, recordings, verifications, and confirmations made pursuant to this Assurance. In circumstances in which Respondent is not required to maintain such disclosures, recordings, verifications, and confirmations, Respondent may rely on other clear and convincing evidence that belies the consumer's claim. If Respondent no longer maintains adequate data and/or information to assess a complaint received from one of the States, such complaint shall be resolved at the discretion of such State.
31. Upon request by a State, Respondent shall deliver to that State, regarding the consumers of that State, a quarterly report in the format of an electronic spreadsheet, detailing each Member complaint received by Respondent from consumers in that State. The report shall include:
- A. The Member's contact information including name, address, e-mail address, and telephone number;

- B. Any Member Save, Cancellation, or Free Member Account conversion confirmation number assigned;
- C. The name of the employee associated with the complaint;
- D. The date the complaint was received;
- E. The date of the associated Member Save, Cancellation, or Free Member Account conversion, if any; and
- F. The disposition of the complaint, including the amount of reimbursement.

The report shall also include those past complaints resolved pursuant to Paragraph 29 that have not been previously reported. Undeliverable checks will be aggregated and delivered, with a list of consumers and the amount attributable to each, to each respective State per the requirement of that State's unclaimed property law. The States shall assist Respondent in providing information to ensure that such checks are delivered to the appropriate entity within each respective state.

Account Reactivation

32. In order to resume billing or collecting any payment from any Member for a Paid Member Account that has previously been canceled or converted to a Free Member Account, Respondent shall:

- A. Clearly and Conspicuously disclose to the Member the terms and conditions and any applicable privacy policies relating to the Paid Member Account;
- B. Require the Member to resubmit any payment information, even where the payment method is the same as was previously used by the Member; and,

C. Within five (5) days, send the Member an official e-mail message distinct in color and in branding, such that the Member can distinguish it from other types of e-mail messages received which Clearly and Conspicuously discloses:

- 1) The exact cost the Member will incur during each Billing Cycle, including any early termination fees;
- 2) Any minimum amount of time a Member must maintain the Internet related services if such a minimum is imposed;
- 3) If the offer is a free trial membership, the exact date the Member will begin to incur charges and the amount of charges the Member will incur after the lapse of the free trial terms;
- 4) The terms and conditions of any other incentives offered to and accepted by the Member as part of the Reactivation process; and
- 5) A hyperlink to cancel on-line, consistent with Paragraph 15.

For reactivations made via telephone, Respondent shall record the entire telephone communication establishing the reactivation and shall save a copy of the recording for a minimum of three (3) years. Respondent shall upon request, provide any signatory State with such recordings.

Spin-off Accounts

33. Respondent shall enable Members to create Spin-off Accounts only via a telephone transaction. Prior to creating the Spin-off Account, Respondent shall Clearly and Conspicuously disclose to the Master Account holder:

- A. The exact additional cost associated with the Spin-off Account, including any additional early termination fee;
 - B. Any minimum amount of time a Member must maintain his or her Spin-off Account, if such a minimum is imposed by Respondent;
 - C. If the offer is a free trial membership, the exact date the Spin-off Account will begin to incur charges and the amount of charges to be assessed after the lapse of the free trial terms;
 - D. That in order to create a Spin-off Account the Spin-off Account holder must have the authority to create such an account and be at least eighteen (18) years of age; and
 - E. The available methods of canceling a Spin-off Account.
34. Respondent shall record the entire telephone communication establishing the Spin-off Account, and shall save a copy of the recording for a minimum of three (3) years. Respondent shall upon request, provide any signatory State with such recordings.

Telephone Billing

35. Prior to billing a consumer through the Member's telephone service bill, Respondent shall Clearly and Conspicuously disclose to, obtain from, and verify with the Member each of the following:
- A. The telephone number through which Respondent will bill for its services;
 - B. The fact that the Member is the line subscriber for that telephone number and is authorized to incur charges;

- C. The exact charge that Respondent will place on the Member's monthly telephone service bill; and
- D. If the offer is a free trial membership, the exact date the Member will begin to incur charges and the amount of charges the Member will begin to incur after the lapse of the free trial terms.

In verifying the fact that the Member is the authorized line subscriber for the telephone number, Respondent shall, beginning no later than September 12, 2007 (provided, however, that Respondent shall use its best efforts to comply with this provision as soon as it is capable of doing so), require the Member to provide a unique identifying number, which is not the Member's entire social security number, and which Respondent will use to take reasonable steps to verify the Member's identity, including using a third party to confirm that the telephone number through which AOL intends to bill the Member belongs to the Member.

36. Within five (5) days of registration of a Paid Member Account in which the consumer has authorized telephone billing, Respondent shall send the Member via electronic mail a telephone billing confirmation notice which Clearly and Conspicuously discloses:

- A. The exact cost the Member will incur during each Billing Cycle, including any early termination fees;
- B. Any minimum amount of time a Member must maintain the Internet related services if such a minimum is imposed;
- C. If the offer is a free trial membership, the exact date the Member will begin to incur charges and the amount of charges the Member will incur after the lapse of the free trial terms;

- D. The terms and conditions of any other incentives offered to and accepted by the Member as part of the activation process; and
- E. A customer service number hyperlink to cancel on-line, consistent with Paragraph 15.

Respondent shall also send, within five (5) days of such registration send by U.S. mail a post card that contains all information needed to cancel the account via telephone. Respondent shall record the entirety of any telephone communication authorizing telephone billing, and shall save a copy of the recording for a minimum of three (3) years. Respondent shall upon request, provide any signatory State with such recordings.

37. Respondent shall, upon receipt of a complaint for unauthorized telephone charges, verify that the Member whose account was billed through that telephone number matches the current line subscriber, otherwise Respondent shall provide a full refund to the person making the complaint.

Free Member Accounts

38. When a Member converts a Paid Member Account to a Free Member Account, Respondent shall, with regard to the remaining membership time previously paid by the Member:

- A. Allow the Member to continue to use the account in the same manner as was previously provided, until the expiration of such membership time, or
- B. Provide a pro-rata refund of the remaining membership time.

COMPLIANCE MONITORING

39. Respondent, its successors, assigns, officers, agents, servants, and employees, whether acting directly or through any corporation, subsidiary, division, or other device, for the purpose of monitoring and investigating compliance with any provision of this Assurance, shall provide written reports sworn under penalty of perjury to the States ninety (90) and two hundred and seventy (270) days after the date of Effective Date of this Assurance setting forth in detail the manner and form in which AOL has complied and is complying with this Assurance.

PAYMENT TO STATES

40. Within thirty (30) calendar days of the Effective Date of this Assurance, Respondent shall pay THREE MILLION DOLLARS (\$3,000,000.00), to be divided and paid by AOL directly to each State in an amount to be designated by and in the sole discretion of the States. The States shall provide AOL, within ten (10) calendar days of the Effective Date of this Assurance, a breakdown of the amount of payment to each individual state and contact information to forward payment. Said payment shall be used by the States as and for attorneys' fees and other costs of investigation and litigation, or for future public protection purposes, or to be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of each Attorney General.

GENERAL PROVISIONS

41. Nothing in this Assurance shall be construed as a waiver of any private rights, causes of action, or remedies of any person against Respondent with respect to their practices alleged

herein. Unless specifically provided for in this Assurance, nothing in this Assurance is affected by any court's decision in any private class action suit against Respondent.

42. Unless otherwise specified, all written or recorded verifications required by this Assurance shall be retained by Respondent for a minimum of three (3) years, and shall be provided to any signatory State upon request by that State.

43. Nothing set forth in this Assurance alters the requirements of state or federal law to the extent those laws offer greater protections to consumers, nor shall anything in this Assurance relieve Respondent of its obligation to comply with all applicable state or federal laws. Where state or federal laws provide greater consumer protections than the terms or provisions included in this Assurance the applicable statutes or regulations shall govern.

44. To the extent that the provisions of this Assurance conflict with any state, local, or federal law which now exists, or is later enacted or amended, such law and not this Assurance shall apply only to the extent such conflict exists. For purposes of this Assurance, a conflict exists if conduct prohibited by this Assurance is required by such state, local, or federal law, or if conduct required by this Assurance is prohibited by such state, local, or federal law.

45. To seek a modification or termination request of this Assurance for any reason, Respondent shall send a written request to the respective Attorney General. The Attorney General receiving the request shall make a good faith evaluation of the then existing circumstances, and after collecting information he or she deems necessary, make a prompt decision as to whether to agree to the modification or termination of this Assurance. In the event the respective Attorney General denies the modification or termination request, Respondent reserves all rights to pursue any legal or equitable remedies that may be available to it. In States

where this Assurance is filed with the Court, no waiver, termination, modification, or amendment of the terms of this Assurance shall be valid or binding unless made by order of the Court; provided, however, that the parties may agree to an extension of any time periods in this Assurance without an order of the Court. If, prior to the deadlines specified herein, Respondent believes in good faith that an extension of thirty days is necessary to satisfy such deadlines, it will notify the States in writing and provide a detailed explanation for such delay. Consent to an extension will not be unreasonably withheld.

46. Respondent expressly understands that any violation of this Assurance may result in any signatory state seeking all available relief to enforce this Assurance, including an injunction, civil penalties, court and investigative costs, attorneys' fees, restitution, and any other mechanism provided by the laws of the state or authorized by a court.

47. Any notices, complaints, or other documents required by this Assurance to be sent to Respondent shall be sent to the following individual at the following physical address, email address, and/or facsimile:

Physical Address:
AOL LLC
Attn: Heidi Jongquist, Program Director
Regulatory Order Compliance
PO Box 65771
Sterling, VA 20165-8806

Email Address:
Regulatory.Compliance@corp.aol.com

Facsimile:
703-466-9225

48. The States shall provide Respondent with the names, addresses, and phone numbers of the appropriate contacts in each of the respective state offices to receive any notices, complaints, or other documents required by this Assurance to be sent by Respondent to the States.

49. This Assurance is a complete resolution of the States allegations contained in Paragraph 9 occurring on or before the Effective Date of this Assurance for violation of the States' consumer protection statutes as listed in Footnote 4. Nothing in this Assurance shall be construed as a release and/or waiver of any other civil or criminal claims, causes of action, damages, fines, costs, and penalties available to the States under their respective laws or under any federal law, including, but not limited to anti-spyware laws, data privacy disclosure issues, consumer credit codes, debt collection laws, antitrust laws, environmental laws and taxation laws, and including, but not limited to the States' respective consumer protection statutes as they may pertain to matters not reasonably related to the allegations set forth in Paragraph 9 of this Assurance.

50. Any and all court costs associated with this Assurance and its entry and/or approval shall be borne by Respondent. No costs shall be imposed independently on any of the States. Further, no discretionary costs shall be imposed on any of the States. Nothing in this Assurance shall shift the cost of any necessary local counsel from Respondent to the States. Respondent shall be independently responsible for all additional expenses incurred through the necessity of local counsel in those limited jurisdictions where local counsel is required for the filing of this Assurance.


51. Respondent represents that it has fully read and understands this Assurance, that it accepts the legal consequences involved in signing this Assurance, and that there are no other

representations or agreements between Respondent and the States not stated in writing herein, or not stated in earlier writings as specified above in Footnote 3 of this Assurance. Respondent further represents and warrants that it is represented by legal counsel, that it is fully advised of its legal rights in this matter, and that the person signing below is fully authorized to act on Respondent's behalf.

52. Respondent shall provide a copy of this Assurance and an accurate summary of the material terms of this Assurance to its senior executive officers who have any managerial responsibility for the matters covered by this Assurance.

AGREED this 25th day of June, 2007.

AOL LLC

By: 

Title: Ira Parker
Executive Vice President & General Counsel

ATTORNEY FOR RESPONDENT